

WHEREAS, It would be appropriate to clarify that Maryland law permits mechanical repair contracts to be financed along with sales of motor vehicles; now, therefore,

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 12-601(m) through (v), respectively, of Article - Commercial Law of the Annotated Code of Maryland be renumbered to be Section(s) 12-601(n) through (w), respectively.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article - Commercial Law

12-601.

(M) "MECHANICAL REPAIR CONTRACT" HAS THE MEANING STATED IN TITLE 15, SUBTITLE 3 OF THE TRANSPORTATION ARTICLE.

~~12-630-1:~~ 12-609.

(b) (1) A service or other charge not specifically provided for in this section may not be included in a retail installment sale of a motor vehicle.

(2) THIS SUBTITLE SECTION DOES NOT PROHIBIT A SELLER FROM INCLUDING-IN-THE-CASH-PRICE-AND FINANCING THE COST TO THE BUYER OF A MECHANICAL REPAIR CONTRACT SOLD IN CONNECTION WITH A MOTOR VEHICLE, PROVIDED THAT THE COST OF THE MECHANICAL REPAIR CONTRACT IS SEPARATELY ITEMIZED IN THE FINANCING AGREEMENT.

(3) FOR PURPOSES OF THIS SECTION, A MECHANICAL REPAIR CONTRACT MAY BE SOLD ONLY FOR A VEHICLE WHICH IS COVERED BY AN ORIGINAL MANUFACTURER'S WARRANTY.

12-1001.

(I) "MECHANICAL REPAIR CONTRACT" HAS THE MEANING STATED IN TITLE 15, SUBTITLE 3 OF THE TRANSPORTATION ARTICLE.

12-1012.

(A) THIS SUBTITLE DOES NOT PROHIBIT A CREDIT GRANTOR FROM INCLUDING IN THE LOAN AMOUNT THE COST TO THE BORROWER OF A MECHANICAL REPAIR CONTRACT, PROVIDED THAT THE COST OF THE MECHANICAL REPAIR CONTRACT IS SEPARATELY ITEMIZED IN THE FINANCING AGREEMENT. FOR PURPOSES OF THIS SECTION, A MECHANICAL REPAIR CONTRACT FOR A MOTOR VEHICLE MAY BE SOLD ONLY FOR A VEHICLE WHICH IS COVERED BY AN ORIGINAL MANUFACTURER'S WARRANTY.